

United States Senate

WASHINGTON, DC 20510-4605

Statement of Senator Jim Webb, D-VA
U.S.-China Economic and Security Review Commission
Hearing on "China's Activities in Southeast Asia and the Implications for U.S. Interests"
February 4, 2010

Chairman Slane, Vice Chairman Bartholomew, hearing co-chair Commissioner Wortzel and other distinguished Commissioners, I regret that I could not be at the hearing with you today. However, I commend you for holding this important hearing to examine the implications of China's activities in Southeast Asia. During my trip last year to five countries in mainland Southeast Asia, I was struck by the presence of Chinese interests in every location visited. This presence, and the corresponding influence it enables, presents a strategic and diplomatic challenge for the United States.

Southeast Asia remains a region of vital importance to U.S. strategic interests—economic, military and diplomatic. The countries of Southeast Asia cannot ignore the growing influence of their neighbor to the north. Understandably, they also seek assurance that the United States will continue to remain engaged with the region. However, as a recent SFRC subcommittee hearing I chaired made clear, the often contradictory standards we use in defining the underlying parameters of our relationships with different countries, particularly in Asia, have served to enhance China's role. American sanctions and other policy restrictions have actually increased Chinese political and economic influence in Southeast Asia by allowing Chinese interactions where we have declined to engage, and in the process decreasing the incentive of those same countries to change the internal political conduct which prompted our disengagement in the first place.

China historically has had mixed relations with many of its Southeast Asian neighbors. But, beginning with the change in economic policies and the export-led development of the 1980s, and continuing through the more recent strategy of "soft diplomacy," the Chinese government has engaged Southeast Asia in order to enhance its strategic access to sea lanes and natural resources, fuel its industrial growth, improve energy security, and open new markets for exported goods. Over a period of decades, but accelerating in recent years, China has developed influence and gained ground in a concerted manner throughout Southeast Asia.

A key part of this approach is the Chinese government's encouragement of outward investment in the region, providing low cost loans and foreign assistance to facilitate financing. Critically, in contrast to American assistance, Chinese investment and aid is typically viewed as coming with "no strings attached"—i.e., without requiring any accompanying political or human rights standards. Chinese entities have become major investors in the region's energy, transportation, agriculture, and mining industries. The development of this fundamental economic infrastructure is, without question, needed in Southeast Asia. At the same time, it brings cause for great concern, since investments in many of these projects—by design—feed China's strategic interests. Furthermore, in larger projects, local labor is often prevented from benefiting

from the new economic opportunities because these projects are supplied with Chinese laborers.

A case in point is China's investment in a 1,200-mile oil and gas pipeline from the Bay of Bengal in Burma to China's Yunnan Province. In addition to locally tapped gas from Burma, China intends to use these pipelines to allow land transport of imported oil that would have normally transited the Malacca Strait, a critical shipping lane perceived by the entire world as a strategic "choke point." In return for these resources and strategic access, China is reportedly paying \$30 billion over 30 years to the government of Burma.

China's investment in hydropower provides another example. According to the World Wildlife Fund, China is an investor or developer in roughly 21 hydropower projects across the region. Most of these projects are designed and implemented by Chinese companies and backed by Chinese government guarantees. Last August during a visit to Laos I met with the Mekong River Commission, a multilateral organization seeking to promote river management along the Lower Mekong. This organization is concerned that the rapid, uncoordinated development of dams may affect water flows far into the region's south. Drastic changes in dry or wet season flows could dramatically shape the river's vitality and impact the livelihoods of those farmers and fishermen who depend upon the river. In turn, this could significantly affect food security for the countries of Southeast Asia.

Through the financial capital that China brings to the region, it seeks not only to extract resources, but also to extract political and diplomatic behavior favorable to China. For example, China insisted upon the deportation of 18 Uighurs from Cambodia to China in December, and sweetened this decision with the offer of \$1.2 billion in additional aid to Cambodia. Following their arrival in China, the welfare of these Uighurs cannot be ascertained, but harsh punishment and possibly death is expected.

As the U.S. government engages Cambodia regarding its decision in this case, we should also remember that China has breached the spirit of its commitment to the United Nations Convention Related to the Status of Refugees, which affirms "the principle that human beings shall enjoy fundamental rights and freedoms without discrimination." Rather than merely condemning the Cambodia government for deporting these refugees, we should call on China to act as a mature, responsible country, and follow through on its international commitments for protecting individual rights, particularly those respecting political asylum. Moreover, we should engage with smaller countries in Asia to help develop their technical capacity to address international challenges, such as the arrival of political asylum seekers, and encourage their adherence to international rights guarantees in the face of political pressure.

Again, I commend the Commission for investigating these issues and reporting to the Congress its recommendations for improving U.S. security and diplomacy in Southeast Asia. As the U.S. government reinvigorates its approach toward Asia, and maintains its engagement with China, we should do so with a consistent message advancing economic development, promoting democratic reform, and respecting individual rights. Thank you, and I look forward to examining the findings of this hearing.